

Congress Didn't Pass "Patch" that Would Keep Tax Meant for Millionaires from Hitting LI Working Families

Hauppauge NY—Today Congressman Steve Israel (D-Huntington) called on Congress to fix a tax provision that could cost middle class families thousands. Before leaving Washington at the end of the year the Congress failed to pass a legislative fix for the Alternative Minimum Tax that would keep the tax from affecting millions of middle class families.

Rep. Israel said, "Congress left some work unfinished before departing Washington at the end of the year, leaving middle class families holding the bill. Long Island families who are already struggling to pay their mortgage, put their kids through college and keep food on the table can't afford to pay extra taxes because Congress hasn't done its work. That is not fair; it's not right; and middle class taxpayers simply cannot afford to wait for relief. Congress and the Administration need to act when returning to Washington this week."

The Alternative Minimum Tax (AMT) is a provision of the tax code originally meant to apply only to the exceptionally wealthy, but since it was never indexed for inflation it hits middle class families. To protect millions of middle class households from having to pay the Alternative Minimum Tax, Congress typically passes an AMT "patch" every year, but failed to do so for 2012.

This year, without a patch, families with as low an income as \$45,000 could get snared by the AMT and pay thousands more in taxes. Left unfixed, nearly every married taxpayer with income over \$100,000 will owe some alternative tax. Because of the particular tax preferences and exemptions disallowed under AMT, the structure is more likely to affect married couples, large families and taxpayers who pay high local and state taxes. Without the fix, those affected by the AMT could jump from what was 4 million in 2009 to more than 31 million in the coming tax year. For 2012, the Congressional Research Service estimates that, if no AMT patch is passed, more than 3.87 million New Yorkers will be subject to the AMT—up from 477,166 in 2009.

Congressman Israel has consistently argued that the AMT hits families in high-cost areas like Long Island especially hard. The AMT was created in 1969 to target 155 extremely wealthy

families who, because of deductions, were paying little or no federal income tax. Today, the AMT affects millions of Americans, disproportionately targeting families who live in high cost areas. New York had the third highest percentage of taxpayers subject to the AMT in 2009.

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